



STATE OF DELAWARE  
**PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904  
TELEPHONE: (302) 736-7500

MEMORANDUM

June 16, 2021

TO: The Chairman and Members of the Commission

FROM: Joshua Bowman, Public Utility Analyst

SUBJECT: IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY, INC. FOR AUTHORITY TO IMPLEMENT A DSIC RATE FOR ELECTRIC DISTRIBUTION EFFECTIVE JANUARY 1, 2020 PURSUANT TO 26 *DEL. C.* § 315 (FILED NOVEMBER 26, 2019) – PSC DOCKET NO. 19-0792

IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY, INC. FOR AUTHORITY TO IMPLEMENT A DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) RATE FOR ELECTRIC DISTRIBUTION EFFECTIVE JULY 1, 2020 PURSUANT TO 26 *DEL. C.* § 315 (FILED MAY 28, 2020) – PSC DOCKET NO. 20-0344

---

On November 26, 2019, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission ("Commission") an application to increase its Distribution System Improvement Charge ("Electric DSIC Rate") from 0.94% to 1.41% with an effective date of January 1, 2020. This was based on net additional plant of \$8,020,004 placed into service between May 1, 2019, and October 31, 2019, along with an associated semi-annual depreciation expense of \$144,922.

On December 12, 2019, the Commission entered Order No. 9514, opening Docket No. 19-0792 and approving Delmarva's request to increase its Electric DSIC Rate to 1.41%, subject to Commission Staff's ("Staff") annual audit and review to be performed based on the 12-month period ending December 31, 2020.

On March 6, 2020, Delmarva filed an application with the Commission in PSC Docket No. 20-0149 for an increase in electric distribution base rates. On April 22, 2020 the Commission entered Order No. 9566, which suspended the proposed increase to base rates pursuant to the Commission's authority under 26 *Del. C.* § 306(a)(1).

On May 28, 2020, Delmarva filed an application to increase its Electric DSIC Rate from 1.41% to 1.42%, with an effective date of July 1, 2020. This increase was not based on any new plant, rather, it was solely based on an under-collection adjustment as a result of Delmarva's 2019 Electric DSIC audit and review.

On June 17, 2020, the Commission entered Order No. 9607, opening Docket No. 20-0344 and approving Delmarva's request to increase its Electric DSIC Rate to 1.42%, subject to Staff's annual audit and review to be performed based on the 12-month period ending December 31, 2020.

On September 9, 2020, in Delmarva's base rate case (Docket No. 20-0149), the Commission entered Order No. 9642 which approved, pursuant to 26 *Del. C.* § 306(b), Delmarva's statutory right to place into effect, on an interim basis, a base rate increase of \$26,915,207, effective October 6, 2020, subject to refund. Further, pursuant to 26 *Del. C.* § 315(b)(9), the Commission ordered that the Company's Electric DSIC Rate be reset to zero effective October 5, 2020 (*i.e.*; one day before the temporary base rates became effective).

On October 5, 2020, Delmarva reset its Electric DSIC Rate to zero, in accordance with PSC Order No. 9642.

Between March and May of 2021, Delmarva began providing information for Docket Nos. 19-0792 and 20-0344, as requested, and Staff conducted the audit and review of the Electric DSIC Rates. The audit consisted of the procedures utilized for companies undergoing annual DSIC Rate audits. The audit concentrated on the three major components of the DSIC Rate; namely, Rate Base, Rate of Return, and Depreciation.

Findings for PSC Docket No. 19-0792: Effective Period January 1, 2020 – June 30, 2020

Staff reviewed a sampling of customer bills from the effective time period to determine if the billing accurately reflected the Electric DSIC Rate component. No discrepancies were found.

The semi-annual Electric DSIC revenue requirement for this Docket was \$1,612,722. During this Docket's effective time period, the Company collected \$1,544,775 in Electric DSIC revenues.

Staff then reviewed the Rate Base components of the Electric DSIC Rate calculation. The plant additions were reviewed for conformity with statutory requirements. Plant additions were traced by project and by account and were reviewed to ascertain whether appropriate expenditures were included in the Rate Base components of the Electric DSIC Rate. Staff believes that the plant additions portion of the Electric DSIC Rate calculation are accurate.

Finally, Staff tested the Semi-Annual Depreciation Expense component of the Electric DSIC Rate. The Company's calculation of total depreciation comported with the amount posted to the general ledger, and the rates were the same as those approved by the Commission.

Therefore, Staff recommends that the Electric DSIC Rate of 1.41% in effect from January 1, 2020 through June 30, 2020, be approved as final.

Findings for PSC Docket No. 20-0344: Effective Period July 1, 2020 – October 5, 2020

Since there were no new plant additions associated with this Docket, Staff's review was primarily focused on reviewing a sampling of customer bills from the effective time period to determine if the billing accurately reflected the Electric DSIC Rate component. No discrepancies were found.

The semi-annual Electric DSIC revenue requirement for this Docket was \$966,609.<sup>1</sup> During this Docket's effective time period, the Company collected \$982,902 in Electric DSIC revenues.

Therefore, Staff recommends that the Electric DSIC Rate of 1.42% in effect from July 1, 2020 through October 5, 2020, be approved as final.

Staff recommends that the Commission approve the conditional rates from PSC Order Nos. 9514 and 9607 as final 2020 Electric DSIC Rates for the associated time periods and that the Commission close Docket Nos. 19-0792 and 20-0344.

---

<sup>1</sup> Delmarva calculates the semi-annual revenue requirement as \$944,376, based on a difference in its reconciliation method. The parties are currently in discussions regarding the disparity as part of Docket No. 21-0409. The difference in methods, however, does not affect the Commission's closing of the two instant dockets.